1. Call to order.
   a. Linda called the meeting to order at 10:07 a.m.

2. Roll call.
   a. Committee Members Present: Linda Castaldi, Connie Chew, Rhonda Schmidt, Peggy Tomasso, David Phillips, Kristina Seldal, George Dorley (in place of Alan Minato)
      a. Absent: Alan Minato
   b. County Staff: Richard Simon, Aimee Logan (Deputy County Counsel), and Joyce Nadal
   c. Fidelity: Suzanne Rogers (via teleconference)
   d. Innovest: Gordon Tewell and Troy Jensen

3. Public comment – None.

4. Minutes Approval.
   a. Minutes of the December 4, 2019 meeting were approved. Motion: Peggy; Second: Connie. George abstained. The motion passed.

5. Committee Members’ comments and announcements.
   a. It was noted that NAGDCA and Empower are both providing Committee members with legislative updates.

6. Receive report from Staff.
   a. Richard: E-mails regarding Form 700 are going out. Members should be receiving those with the deadline in March.
   b. Dashboard on which departments and unions are lagging in participation. Richard is preparing reports showing participation by age group, departments and unions.
   c. The recently passed Secure Act was discussed. The Act modified the in-service withdrawal age from 70.5 to 59 1/2. Further guidance is necessary to determine the necessary course of action. A question was raised regarding the section which addresses the eligibility of permanent part-time employees. It was clarified that this is mainly a 401(k) provision as most 457(b) Plans allow all part-time employees to defer into the Plan if desired.

   a. Secure Act: Troy provided an update on the items impacting the Plan from the Secure Act. Sections included the change in the Required Minimum Distribution age from age
70 ½ to 72, birth and adoption withdrawals now available and not subject to the withdrawal penalty (but subject to tax), and the requirement that recordkeepers provide an income projection for participants based on their Plan account and other data. The Department of Labor needs to provide further information on this provision. It was noted that many of the provisions in the Act were focused on 401(k) Plans and do not impact governmental Plans. A brief discussion was held on how changes to the Plan will be brought into the Plan document if Committee decides.

b. Connie asked what happened to other Plans that had life insurance within (our Plan not have this issue). Gordon: most were frozen without new contributions and the annuities provision will be able to address it.

c. Equity Wash provisions. Troy provided a description of the equity wash provision of the VantageTrust Plus fund which does not allow direct transfers from the Plus Fund to what’s considered to be a competing fund. Competing funds are generally money market funds or short term bond funds. With the need to utilize a money market fund to provide a conduit to the Plan’s self-directed brokerage accounts (SDBA), the Plan does contain a competing fund and participants are not allowed to transfer asset directly from the Plus Fund to the money market fund. This is a provision that is required by all collective stable value funds and is a requirement required by VantageTrust, not Fidelity. Now that the Plus Fund is not our default fund, it is less of an issue. However, Fidelity is tasked with enforcing the requirement. Suzanne indicated that when participants get into the SDBA, they are informed of the requirement. Suzanne offered the option for Fidelity to provide a communication to participants in the SDBA reminding those in the SDBA of the requirement. Gordon: there is a possibility of getting around it via a 2-way trade.

d. Records retention. Troy reviewed Innovest’s work on the requirements for record retention. There is no specific direction on how long to maintain Committee records, either at Federal or California levels. Following ERISA can be a guide, despite the Plan not being subject to ERISA. Based on that, participant records should be maintained for seven years and Plan records such as Committee decisions, Plan amendments, and other Plan-level changes should be maintained in perpetuity. A discussion was held regarding Committee retention versus personal Committee member retention. There is not a requirement that individual Committee members need to maintain records, but the Committee should maintain records. It was decided that soft copy retention by the County is appropriate and best practice. The County currently maintains records including retention of minutes and meeting materials dating back to at least 1999. Anything provided to the Board of Supervisors is also there.

8. Receive report from Fidelity.
   a. Suzanne Rogers covered the Fidelity Plan review. Plan assets have reached $2.6 billion in the 457 and $36.3 million in the 401(a) Plan. The County is sending additional information to Fidelity to allow Fidelity to better report on participant behavior and Plan metrics. Fidelity shows significant participant engagement. Fidelity handles a large number of calls from participants and also sees a high level of digital channels of communication.
   
b. Suzanne presented the usage of the contracted three dedicated retirement planners’ appointments over calendar 2019. Though one planner departed in October and has not yet been replaced, 600 days were delivered during the year. This is over what Fidelity considers to be three full-time planners. Fidelity considers 180 days to be the equivalent of a full-time planner.
c. Additional efforts to improve the effectiveness and utilization rate of the planner days was discussed. The County will look to send information on planner days. It was noted that the flyer used to promote the planner days stated that walk-ins are not allowed. It was agreed that this would ideally be modified on the flyer going forward, if possible. Kristina: e-mail from Elizabeth ok’d to send by tomorrow re: appointments at 70 West Hedding and will report back next month. Suzanne: may have appointments and office hours for walk-ins.

d. Fidelity will bring a Plan analysis to the next meeting providing information on channel usage and planner engagement. The Committee discussed the possibility of reducing the number of planners and how a change might impact the contract or if the change can be handled in a different manner. Connie: Erik is still on the visual posting at the front of 70 West Hedding Street so need update.

9. Discussion and possible approval of Fidelity agreement amendment related to reduction of participant fees.
   a. Suzanne offered a $3 per participant reduction in fees based on added assets and accounts as a result of new hospital participants. Peggy made a motion that the Committee direct Aimee and Richard to enter into discussions with Fidelity for an amendment of the Service Agreement to allow for the reduction in fees. Kristina seconded. The motion passed.

10. Discussion and possible approval of Fidelity agreement amendment related to revenue share rebate procedures
   a. Richard discussed the current practice of rebating revenue sharing across the Plan. The only funds providing revenue sharing are the Dodge & Cox Stock Fund and the Calvert Social Index Fund; both funds share 0.10% back to the Plan. Innovest stated that best practice is to return this revenue proportionately to the participants in the Plan that directly invest in these funds, not to all participants. Suzanne indicated that the current structure is part of the Fidelity Agreement and an amendment would be necessary to change that process. Peggy made a motion to direct Aimee and Richard enter into discussions with Fidelity to for an amendment to the Agreement to allow for the return of revenue sharing to those participants invested in the revenue sharing funds. Connie seconded. The motion passed.

11. Discussion and possible approval regarding switching to CIT funds for the Vanguard Funds.
   a. Innovest provided education on Collective Investment Trusts (CITs) and the differences between CITs and mutual funds. Innovest highlighted CITs as an institutional investment vehicle available only to qualified retirement Plans. It was also noted that, in general, there is less public information available on CITs as compared to mutual funds, but fees are lower.
   b. Innovest reviewed the CIT options available for the Plan to adopt. These include the Vanguard Total Bond Market Index CIT, the Vanguard Extended Market Index CIT, the Vanguard 500 Index CIT, the Vanguard International Stock Index CIT and the Vanguard Target Retirement Index Trust I.
   c. The Committee had several questions regarding the adoption of CITs, in-kind transfers, the performance and benchmarking of CITs, less regulation and the possibility of CITs failing. Innovest to return with information on any CIT failures.
   d. Aimee: if decide to have CIT, will need a contract. Gordon: bring sample agreement next time.
12. Discussion regarding the current Investment Policy Statement
   a. Innovest presented their suggested revisions to the Investment Policy Statement (IPS). The Committee reviewed the suggested changes and requested that Innovest make several changes and bring back the IPS to the Committee. The IPS shows two lines for large cap growth, large cap core and core fixed income in the appendix table. Additionally, Innovest will contact Richard in order to update the names from the Board of Supervisors on page 9.

13. Discussion of future agenda items.
   a. Discussion of Chairperson and Vice-Chair vote
   b. Bylaw review
   c. Further discussion of CITs
   d. Fidelity analytics report
   e. American Funds to attend in June
   f. Plan document

14. Motion to Adjourn made by Connie at 12:23 p.m. Peggy provided a second. The motion passed.